

SECRET  
Security Information

25 April 1952

TO : [ ]  
FROM : [ ]  
SUBJECT:

The following observations are offered with a complete awareness by the writer that his acquaintance with the case under scrutiny is slight. For this reason, everything which follows should be treated as suggestion or reflection rather than as conclusion, for that is the writer's intention.

It seems likely that this case is known to, i.e. penetrated by SIS. The entire history of the operation points in that direction.

[ ]'s original contact with, and prospective employment by the Swedes established his identification with them. His use of the [ ] channel (even though he says that he used it for his own purpose); his presence when the Swedes suggested a Latvian operation with US support; the fact that the Swedes were parties to the competitive bidding for [ ]'s services before he was assumed by SIS (at which time it became apparent that the Swedes had an established operational plan while that of [ ] was tentative and experimental); as well as the fact that [ ] left Sweden through normal channels with normal clearance, and, it must be assumed, with the knowledge of SIS [ ] compels us to believe that SIS knew [ ], knew when and where he was going, under whose auspices, and at least generally, what he was going to do. With respect to [ ]'s leaving Sweden, one gains the impression that there appeared to be initial difficulties with respect to his departure, (3)(4) such difficulties as to invite suggestion of clandestine exit-----after which the difficulties seem to have disappeared. (X) It would be good to know just what the course was of [ ]'s request to leave Swedish territory.

Finally, there is a direct statement, capable of limited interpretation, that the future activities of [ ]'s group will "include maintaining proper relationship with the official Swedish agency in order to keep track of the possibilities which might be opened". (X) To the writer, it would appear that the foregoing facts indicate that SIS knew something about the operation in its early stages, and may have been kept au courant later. Whether this penetration ever reached the point of supervision or control is not yet apparent.

3. To reject this possibility on the basis of any man's moral sense would be unwise. Although it is not the purpose of this paper to examine hypothetical motives, it might be wise to suggest that an occasional report from [ ] to the Swedes could be rationalized on the grounds that the interests of the United States and those of Sweden are not too far apart, while any interest by the Swedes

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EXEMPTIONS Section 3(b)  
(2)(A) Privacy  
(2)(B) Methods/Sources  
(2)(G) Foreign Relations

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*in [ ]'s operations on behalf of the United States is entirely justifiable in professional counter-espionage. I should say even that an IO or a CEO who did not endeavor to maintain contact with someone he knows working in another service would be lacking in perception.*

4. Where such contact or penetration is conducted by a friendly power, it represents only an extension of security, in which it becomes additional to reassure one's self of the security maintained by the unexpected recipient. In this case, the situation could be complicated by the fact that Swedish interest would be exercised by their Baltic States Division, wherein the Latvian responsibility is discharged by [ ], himself a native of Latvia.

The important question, it seems to me, is whether [ ] is or is not keeping the Swedes informed of our operations and personnel; and we must bear in mind the fact that while such possibility is disturbing from the point of view of good security, it need not be construed as reprehensible. To resolve this question the following action is suggested:

1. Information should be planted on [ ]---information which is fictitious, but of such nature that it would be of great interest to SIS. A reflection of such information in Stockholm would indicate the existence of a channel of communication.

2. An informal conference by one of our people in Sweden with a case officer of SIS, in which there would be buried some direct statement that "old [ ]---you know him, he was connected with you at one time-----has been doing some work for us. Sadly enough, we've learned that he has been passing operational information to someone outside our own show. We don't know to whom, but were going to give him a thorough examination and find out. How do you regard him?" Especially if a specific time not too far distant were mentioned for the interrogation, SIS might take the protective step of warning [ ]. A complete surveillance of the subject for a few days (until the specified date had passed) would include interception of all communications to him. This, too, might be productive.

3. A carriage test for [ ] might be run in with motion picture tests of the same type for other or all personnel in his branch as a "periodic routine security measure". Such a test might include such questions as the following: (it is recognized that these questions would have to be re-phrased)

1. Did you know that your letters to Sweden are being photostated and translated?

2. What Swedish officials did you see prior to your departure? What did they say to you?

3. To what extent do you believe that the interest of Sweden and the US, with respect to intelligence, are compatible?

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4. Is PILLOW or [ ] in communication with the (SIS)?

In concluding, there are one or two other points which make this case unusual. The story, early in the file, that the operator sent to Latvia has lost all his crystals invites scrutiny. The story that the British had withdrawn their support from a proposed operation because one man, who was to pilot the plane, refused to provide finances, certainly should be run to ground. There must have been some reason for this action. Did the British regard the proposed operation as insecure? If so, why? Finally, it seems that E.L.'s summaries of his correspondence may not have been comprehensive. It is recommended that the photostats of his letters be read in detail, and be compared with the summaries which he submitted.

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